



THE ASSAM GAZETTE

অসাধাৰণ

EXTRAORDINARY

প্ৰাপ্ত কৰ্তৃত্বৰ দ্বাৰা প্ৰকাশিত

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GOVERNMENT OF ASSAM

ORDERS BY THE GOVERNOR

INDUSTRIES AND COMMERCE DEPARTMENT

NOTIFICATION

The 20th August, 2021

No. MI. 44 / 2021/ 207.- The Governor of Assam is pleased to enunciate the “The Assam Ethanol Production Promotion Policy, 2021” *w.e.f.* 20-08-2021. This Policy would be valid upto 31st March, 2026.

1. Introduction:

The economic growth of Assam during the last decade has been largely powered by the State's tertiary sector, thereby significantly underlying the importance of fuel in the economy of the State. However, although Assam is the largest onshore producer of petroleum in the country, yet the State is dependent on petroleum imports. India's net import of petroleum was 185 million metric tonnes at a cost of US \$55 billion in 2020-21 with a lion's share of its utilization having been in the transportation sector. In this regard, considering the fact that ethanol is comparatively less polluting and offers equivalent efficiency at lower cost than petrol; blending locally produced ethanol with petrol has been conceived as the way out to strengthen the country's energy security, enable local enterprises and farmers to participate in the energy economy and reduce pollution from vehicular emissions.

In view of that, the Government of India notified the **National Policy on Biofuels – 2018** (NPB-2018) in 2018, and has since been promoting use of ethanol as a blend stock with main automotive fuel like petrol under the Ethanol Blended Petrol (EBP) programme in line with that Policy. However, ethanol could not be produced to the desired extent resulting in continuation of petroleum imports – thereby draining the Forex Reserves and the Public Exchequer.

Therefore, in order to promote indigenous ethanol production based on locally available agricentric resources, the Central Government has allowed production of ethanol from sugarcane juice, B-heavy molasses, C-heavy molasses and damaged and surplus food grains unfit for human consumption through G1 (or 1st Generation) ethanol plants – which produces ethanol from edible biomass.

In the case of Assam, the prospective higher production of sugarcane coupled with other agricultural surplus provide the right scope and impetus for setting up of G1 ethanol plants in the State. Under these circumstances, it is pertinent that the State of Assam needs to promote ethanol production by way of provision of added incentives to industrial units producing ethanol. These aspects justify the enactment of an Ethanol Policy at the State-Level.

In view of the above, this policy has been introduced to make “**ethanol**” manufacturing in the State more attractive for potential investors in industries manufacturing ethanol as a bio-fuel meant for blending with conventional fossil fuels like petrol and diesel.

2. Objectives

This policy aims to achieve the following objectives for the overall growth and development of green-field new 100% ethanol manufacturing industrial units in the State with a goal of providing remunerative returns to investors, farmers and all other stakeholders:

- To allow production of Ethanol from all feedstocks permitted under National Policy on Biofuels, 2018 and by the National Biofuel Coordination Committee.
- To offer fiscal benefits and provide an enabling environment in Assam for the promotion of, and investment in, fuel-grade standalone new or green-field ethanol manufacturing units by facilitating and financially incentivizing potential investors.
- To increase incomes of farmers producing feed-stock/ raw material which may be used for Ethanol manufacturing.
- To create local employment opportunities through promotion of new Ethanol industries.

3. Coverage and Scope

3.1 Eligibility for type of Units

Only green-field standalone distilleries (single feed or dual feed) producing 100% fuel-grade ethanol, and supplying 100% of their produced ethanol to Oil Manufacturing Companies (OMCs) under Ethanol Blending Programme (EBP) of Government of India, shall be eligible for incentive under this Policy. In no case ethanol produced from such ethanol manufacturing units can be sold to any buyers other than OMCs.

3.2 Eligibility for Type of Feedstocks:

Ethanol production from all feedstocks permitted under National Policy on Biofuels, 2018 and by the National Biofuel Coordination Committee shall be allowed in the State of Assam. Subsequent permission of any additional feedstock for Ethanol production by National Biofuel Coordination Committee will be automatically allowed for Ethanol production in the State of Assam.

4. Incentives to Ethanol Manufacturing Units:

The Policy recognizes the need for providing additional incentives to eligible units in the ethanol manufacturing sector in order to engender further improvement in the investment prospects of that sunrise sector in the State.

4.1 Guiding Principles

- 4.1.1 These provisions/ principles shall be applicable to all eligible projects / units under this Policy.
- 4.1.2 This Policy shall come into force from the date of its notification. The said date shall be considered as effective date of this policy from which its provisions shall come into force and will be applicable till 31st March 2026.
- 4.1.3 Incentive under this Policy shall be offered after commencement of commercial production by the Unit.
- 4.1.4 Incentive under this Policy to the eligible units covered under the Clause 3 will be in addition to the wide range of benefits eligible under the Industrial and Investment Policy of Assam, 2019.
- 4.1.5 For the purpose of calculation of capital subsidy under this policy, the value of Plant and Machinery shall be that considered as part of Fixed Capital Investment under Industrial and Investment Policy of Assam, 2019.
- 4.1.6 Only those green-field standalone Ethanol Units which are set-up on ZLD (Zero Liquid Discharge) basis shall be considered under this Policy. The cost of setting-up Effluent Treatment Plant (ETP) shall be included within the Fixed Capital Investment – as mentioned in Clause 12.0 (e) of Industrial and Investment Policy of Assam, 2019.
- 4.1.7 Cost incurred in setting-up captive power plant by eligible green-field standalone ethanol manufacturing units shall be included within the Fixed Capital Investment.

4.2 Incentives under this Policy

The eligible 100% green-field standalone Ethanol Manufacturing Units in Assam will be entitled to avail the following financial incentives under this Policy: -

Sl. No.	Type of Incentive	Quantum of incentive
1.	Power Subsidy	Power Subsidy @INR(₹) 1.00 per unit, in addition to the INR(₹) 2.00 per unit offered under Industrial and Investment Policy of Assam 2019, for a period of 5 years – applicable from the date of commencement of industrial production of the Unit; subject to an overall maximum of INR(₹) 75.00 lakhs per annum.
2.	Interest Subvention Incentive	5% interest subsidy on working capital loan for 5 years subject to an overall ceiling of INR (₹) 50 lakhs per annum; <i>in addition to</i> the 2% interest subsidy offered under Industrial and Investment Policy of Assam 2019; and the 3% interest subsidy offered under NEIDS 2017.
3.	Tax-Related Incentives	100% SGST reimbursement for a period of 5 years, upper limit being 250% of Fixed Capital Investment. [N.B. The upper limit under Industrial and Investment Policy of Assam 2019 is 150% of Fixed Capital Investment for a period of 15 years]. This shall be <i>in addition to</i> the reimbursement of the central share of the CGST, IGST and Income Tax offered under NEIDS 2017 for a period of 5 years.
4.	Exemption of Land Conversion Fees	100% exemption of fees for conversion of class of land to industrial land.
5.	Employment Cost Subsidy	50% reimbursement (in case of male workers) and 100% reimbursement (in case of female workers) of expenditure on account of contribution toward ESI and EPF scheme for a period of 5 years for new units for those employees who are permanent residents of Assam; subject to a maximum limit of INR1000/- per month per employee. This shall be <i>in addition to</i> the Employment Incentive offered under NEIDS 2017.
6.	Skill Development Subsidy	Skill Development Subsidy of INR 20,000 per employee or ASDM rates, whichever is lower. This incentive will be applicable only for training of employees who are permanent residents of the State.

7.	Capital Subsidy	Capital subsidy at 20% of the cost of Plant and Machinery, with maximum INR 5 crores – <i>in addition to</i> 30% Capital Subsidy with maximum limit of INR 5 crores under provision of Central Capital Investment Incentive for Access to Credit (CCIIAC) under NEIDS 2017.
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4.3 Dovetailing with Central and State Government policies and schemes:

Dovetailing with Industrial and Investment Policy of Assam, 2019 and other relevant policies of the State Government, and North East Industrial Development Scheme 2017 and other relevant policies of the Central Government, shall be allowed under the Policy, subject to specific conditions as defined in this Policy and its Operational Guidelines to be formulated under Clause 7 of this Policy. In this context, the following incentives available under Industrial and Investment Policy of Assam 2019 and North East Industrial Development Scheme 2017 respectively shall also be provided to eligible ethanol producing industries.

(a) Industrial and Investment Policy of Assam 2019:

1. 100% Exemption of Stamp Duty and Registration, subject to a monetary ceiling of INR (₹) 25,00,000/- (Rupees Twenty-Five Lakhs only).
2. Power Subsidy @ INR (₹) 2.00 per unit for a period of 5 years – applicable from the date of commencement of industrial production of the Unit; subject to an overall maximum of INR (₹) 50.00 lakhs per annum.
3. Subsidy on Generator Set@ 50% of the cost of generator set, taxes and transportation only – subject to a limit of INR (₹) 20,00,000/- (Rupees Twenty Lakhs only); provided the capacity of the GeneratorSet is equivalent to the power sanction to the unit by the competent authority.
4. Interest Subvention Incentive: 2% interest subsidy on working capital loan availed from Bank/ Non-Banking Financial Institution for 5 years subject to a ceiling of INR (₹) 50 lakhs per annum and not exceeding 100% of investment in plant and machinery.
5. 100% SGST reimbursement for a further period of 10 years (*i.e.* for a composite period of 15 years) for small, medium and large industries with an upper limit of 150% of Fixed Capital Investment – after availing 100% SGST reimbursement for the initial period of 5 years under the Assam

Ethanol Production Promotion Policy with an upper limit of 250% of Fixed Capital Investment.

6. Technology Transfer and Quality Certification, ZED Certification: The fees payable for obtaining BIS/ISO/FSSAI/AGMARK/HALLMARK/SILK MARK/ZED certification etc., and the fees payable for getting technical knowhow/ Technology transfer from any recognized national /international research laboratories/ Technical Institutes/ University, institutions like CFTRI, CIPET, etc. by the industrial unit, shall be provided subsidy up to the extent of 75% of the total valuation of fees, subject to a ceiling of INR (₹) 10,00,000/- (Rupees Ten Lakhs only) per unit.
7. Financial Assistance to MSMEs listed in Stock Exchange: Subsidy @ 30% of the cost of Public Issue expenses, subject to maximum of INR (₹) 5,00,000/- (Rupees Five Lakhs only).
8. Assistance for Environmental Compliance: Subsidy @ 50% on capital cost for setting up of effluent treatment plant subject to maximum of INR (₹) 25,00,000/- (Rupees Twenty-Five Lakhs only) per unit.
9. Incentives for Employment Generation: One-time incentive of INR (₹) 10,000/- (Rupees Ten Thousand only) to the employer against each local youth employed by the unit.

(b) NorthEast Industrial Development Scheme 2017

1. Interest Subvention Incentive: 3% interest subsidy on working capital loan availed from Scheduled Banks/ State Financial Institutions for 5 years, subject to capping of the incentive @ 25 % of the annual turnover of the eligible new industrial unit, and it being located anywhere in the North Eastern Region.
2. Central Comprehensive Insurance Incentive (CCID): 100% reimbursement of 100% insurance premium on insurance of building and Plant & Machinery for a maximum period of 5 years from the date of commencement of commercial production/ operation, for eligible new industrial units located anywhere in the North Eastern region.
3. CGST, IGST and Income Tax Reimbursement: Reimbursement of the Central Share of the CGST, IGST and Income Tax for a period of 5 years.
4. Employment Incentive (EID): Payment by DPIIT of an additional 3.67% of the employer's contribution to Employees' Provident Fund (EPF) *in addition*

to the Central Government bearing 8.33% Employee Pension Scheme (EPS) contribution of the employer under the *Pradhan Mantri Rojgar Protsahan Yojana* (PMRPY).

5. Central Capital Investment Incentive for Access to Credit (CCIIAC): 30% subsidy on the capital investment made in plant and machinery with an upper limit of INR (₹) 5,00,00,000/- (Rupees Five Crores only).

5. Policy Implementation, Monitoring and Grievance Redressal

5.1 Policy Implementation

- (i) Industries & Commerce Department, Government of Assam, shall be the Nodal Department responsible for implementation of this policy in the State. Commissioner of Industries & Commerce shall be the Nodal Officer thereof.
- (ii) Incentives under this policy shall be processed as per the provisions of the Industrial and Investment Policy of Assam, 2019, and the Operational Guidelines of that Policy.

5.2 Policy monitoring and grievance redressal

- (i) The implementation of the policy will be reviewed from time to time and necessary facilitation and course correction shall be undertaken as found necessary to achieve the objectives of this policy.
- (ii) Department of Industries & Commerce, Government of Assam, will develop modules and application forms for online submission of claims.

6. General Conditions

- (i) As per the National Policy on Biofuels, 2018, the Bureau of Indian Standards (BIS) has already evolved standards for bio-ethanol, biodiesel for standalone and blended form applications. BIS has developed a standard (E.S. 15607) for Bio-diesel, which has been taken from the American standard ASTM-D-6751 and the European standard E.N. 14-14214. Apart from this, the BIS has also developed standard I.S. -2796: 2001, including 5% and 10% Bio-ethanol Blend. Compliance will be ensured in each condition of standards set by the BIS in the production of bio-ethanol, biodiesel, drop-in-fuel, methanol and other bio-fuels.

If any false declaration is given for the purpose of availing incentives or if incentives are availed for a unit that was not eligible or any violation of the condition of this policy, the amount of incentive is liable to be recovered from the date of availing such benefit along with the interest compounded annually @ 18% per annum. In case of non-payment within the stipulated time, the State Government may recover such amounts including interest as arrears of land revenue or any other means deemed fit

- (iii) If a unit after availing incentive under this Policy diverts the production facility to produce any product other than fuel-grade Ethanol to be supplied to Oil Marketing Companies under Ethanol Blending Programme of Government of India, the amount of incentive is liable to be recovered from the date of availing such benefit along with the interest compounded annually @ 18% per annum. In case of non-payment within the stipulated time, the State Government may recover such amounts including interest as arrears of land revenue or any other means deemed fit.

7. Operational Guidelines:

On the notification of this Policy, the Industries & Commerce Department shall formulate and notify its Operational Guidelines.

8. Period of Validity of Policy:

This Policy will come into effect from the date of issue of this notification and will remain in operation till 31st March 2026.

K. K. DWIVEDI,

Principal Secretary to the Government of Assam,
Department of Industries & Commerce.